



Date: March 27, 2019

To: Patrick H. West, City Manager *T.H.W.*

From: John Keisler, Director of Economic Development *JK*

For: Mayor and Members of the City Council

Subject: **Update on Youth Banking and Financial Literacy**

An important objective of the City's Blueprint for Economic Development (Blueprint) is to increase financial literacy and wealth-building opportunities for young people and disadvantaged families. At its November 7, 2017 meeting, the City Council requested the Economic Development Department to work with community partners to provide financial literacy and banking training for youth to promote this objective.

As project lead, the City's Workforce Development Bureau, Pacific Gateway Workforce Investment Network (Pacific Gateway) initiated a pilot program to provide access to free checking and savings accounts and conduct financial literacy education to all youth participants in Long Beach workforce development programs. The purpose of this memo is to update the City Council regarding the results of the pilot program and recommend next steps.

Checking and Savings Accounts for Youth

In April 2018, Pacific Gateway partnered with Lemando, a financial services organization, to offer free mobile banking and financial tools. The mission of Lemando is to provide everyone with transparent and affordable financial services to help them save more of their money, build credit, and improve their overall financial health - regardless of income, credit history, or citizenship status. Through its pilot with Lemando, Pacific Gateway offered financial literacy training and free online bank accounts to several cohorts of the Youth@Work program, a County-wide program that provides paid work experience to low-income teens and young adults.

To be eligible for the free mobile banking and services through Lemando, participants had to be at least 18 years old, possess a government-issued ID, and have access to a smart phone. Of the Youth@Work participants in this first cohort, 13 participants were 18 years old or more and 99 were underage. Of the eligible participants, only two chose to join Lemando, four did not possess a government-issued ID (and are still in high school), and seven already had a bank account with another financial institution. As such, Pacific Gateway staff has begun exploring other financial institutions offering free banking services to individuals under 18 years old, with the hope of implementing an improved pilot program for a second year. Meanwhile, Pacific Gateway will continue to market and promote Lemando resources within the career center, "The WorkPlace," and at a new youth employment center, set to open in Spring 2019.

Financial Literacy Education

To address the Blueprint objective to increase financial literacy skills among youth, Pacific Gateway introduced the enhanced version of the Youth@Work curriculum, including a module on financial literacy in Summer 2018. This module includes exercises about managing a personal budget, establishing checking and savings accounts, managing personal credit, and understanding one's paycheck. Approximately 800 youth completed the curriculum, earning minimum wage as they completed the 20-hour course. The immediate impacts of this financial literacy education are difficult to measure. However, Pacific Gateway will continue to survey and monitor results from this program.

Online Financial Literacy Resources

Another related economic inclusion objective identified by the Blueprint is to decrease the digital divide for low-income households. This objective includes both increasing access to the internet and increasing the online financial literacy resources available to individuals already engaged with City programs, like Pacific Gateway and the Long Beach Public Library.

In Summer 2018, Pacific Gateway introduced a locally-developed financial literacy course to older youth and adults to supplement its financial literacy courses delivered through the Youth@Work program. Piloted for the first time this year, the course is expected to be made widely available to Pacific Gateway's 2,700 customers in early 2019, alongside a new suite of web-based programs designed to reach its audience in culturally appropriate ways. Additionally, to expand access to the internet, Pacific Gateway has partnered with Long Beach Public Library to make its suite of online financial literacy resources (e.g., Lynda.com, Gale courses), available and easy to access for customers that may not own an internet-enabled device or have internet access in the home. In the coming year, these resources will be prominently featured at all Pacific Gateway career sites including The WorkPlace and Youth@Work centers.

Conclusion

There are a number of lessons learned through the pilot programs introduced in 2018 to promote youth banking and financial literacy, and these will inform a revision or expansion of efforts in the coming year. Additionally, Pacific Gateway will continue to expand its partnership with the Long Beach Public Library, and the financial literacy programs will be extended to more of the existing workforce development customers in the coming year. Finally, to ensure these activities are having an impact on the objectives in the Blueprint, staff will develop a system for tracking and reporting the impacts of financial literacy programs and access to bank accounts.

Staff will continue to provide reports and collect feedback at regular meetings of the Workforce Investment Board and the Economic Development Commission. If you have any questions, please contact me at (562) 570-5282 or email me at John.Keiser@longbeach.gov.

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